

EXHIBIT 1

List of Applicants to the First Round of the CDFI Program **(Sorted by Applicant)**

Applicant's Name	City	State
WOMENSfund	Anchorage	AK
Tanana Chiefs Conference, Inc.	Fairbanks	AK
Tinaa Corporation	Juneau	AK
Tlingit-Haida Regional Housing Authority	Juneau	AK
New Hope Community Development Federal Credit Union	Birmingham	AL
Demopolis Federal Credit Union	Demopolis	AL
Federation of Greene County Employees' Federal Credit Union	Eutaw	AL
Metropolitan Community Development Financial Services, Inc.	North Birmingham	AL
Prichard Federal Credit Union	Prichard	AL
Community Service Programs of West Alabama, Inc., Community Developme	Tuscaloosa	AL
Stillman Community Development Federal Credit Union	Tuscaloosa	AL
Southern Development Bancorporation	Arkadelphia	AR
Mississippi County Arkansas Economic Opportunity Commission, Inc.	Blytheville	AR
College Station Community Federal Credit Union	College Station	AR
Delta Community Development Corporation	Forrest City	AR
Merchants Development Corporation	Ft. Smith	AR
Chicanos Por La Causa, Inc.	Phoenix	AZ
Community Finance Corporation	Tucson	AZ
PPEP Microbusiness and Housing Development Corporation	Tucson	AZ
First American Credit Union	Window Rock	AZ
Valley Small Business Development Corporation	Fresno	CA
The Clearinghouse CDFI	Lake Forest	CA
Community Financial Resource Center	Los Angeles	CA
Los Angeles Neighborhood Housing Services	Los Angeles	CA
South Central People's Federal Credit Union	Los Angeles	CA

Applicant's Name	City	State
Community Bank of the Bay	Oakland	CA
East Bay Asian Local Development Corporation	Oakland	CA
Local Economic Assistance Program, Inc.	Oakland	CA
Riverside County Community Investment Corporation	Riverside	CA
Rural Community Assistance Corporation	Sacramento	CA
Neighborhood Bancorp	San Diego	CA
Pomona Inland Valley Micro-Enterprise Loan Fund	San Dimas	CA
Mission Area Federal Credit Union	San Francisco	CA
Northeast Community Federal Credit Union	San Francisco	CA
Northern California Community Loan Fund	San Francisco	CA
The Low Income Housing Fund	San Francisco	CA
Lenders for Community Development	San Jose	CA
Santa Cruz Community Credit Union	Santa Cruz	CA
Valley Economic Development Center	Van Nuys	CA
Denver Community Development Credit Union	Denver	CO
Greater Denver Local Development Corporation	Denver	CO
Mercy Loan Fund	Denver	CO
Saguache County Credit Union	Moffat	CO
The Equity Bridge Fund, LLC	Bridgeport	CT
Connecticut Housing Investment Fund, Inc.	Hartford	CT
Cooperative Fund of New England	Hartford	CT
New Haven Community Investment Corporation	New Haven	CT
Housing Development Fund of Lower Fairfield County, Inc.	Stamford	CT
Need Action Federal Action Credit Union	Waterbury	CT
Columbia Capital Group	Washington	DC
Community First Bank of D.C., N.A.	Washington	DC
Cooperative Assistance Fund, Inc.	Washington	DC
Creative Investment Research	Washington	DC

Applicant's Name	City	State
District of Columbia Federal Mutual Savings Bank	Washington	DC
FINCA International, Inc.	Washington	DC
Housing Assistance Council	Washington	DC
Washington Area Community Investment Fund	Washington	DC
First State Community Loan Fund	Wilmington	DE
Lee County Employment & Economic Development Corporation	Fort Myers	FL
Metro Broward Economic Development Corporation	Ft. Lauderdale	FL
The Jacksonville Housing Partnership, Inc.	Jacksonville	FL
NEJA Federal Credit Union	Marianna	FL
BAC Funding Corporation	Miami	FL
Metro-Dade County Multi-Purpose Revolving Loan Fund	Miami	FL
Community Equity Investments, Inc.	Pensacola	FL
Florida Community Loan Fund, Inc.	St. Petersburg	FL
Tampa Bay Community Reinvestment Corporation	Tampa	FL
GRASP Enterprises	Atlanta	GA
The Atlanta Neighborhood Development Partnership, Incorporated	Atlanta	GA
CSRA Local Development Corporation	Augusta	GA
CSRA Enterprise Communities, Inc	Keysville	GA
Savannah Community Development Corporation	Savannah	GA
Unified Singers Federal Credit Union	Thomasville	GA
Hawaii Community Development Financial Institution	Honolulu	HI
Silos & Smokestacks	Waterloo	IA
Panhandle Area Council, Inc.	Hayden	ID
Austin/West Garfield Federal Credit Union	Chicago	IL
Chicago Community Loan Fund	Chicago	IL
Community Investment Corporation	Chicago	IL
Greater North-Pulaski Local Development Corporation	Chicago	IL
Illinois Facilities Fund	Chicago	IL

Applicant's Name	City	State
Israel Methcomm Federal Credit Union	Chicago	IL
Neighborhood Housing Services of Chicago, Inc.	Chicago	IL
NorthSide Community Federal Credit Union	Chicago	IL
Partners for Community Investment	Chicago	IL
Sable Bancshares, Inc.	Chicago	IL
The Shorebank Corporation	Chicago	IL
East St. Louis Development Group, Inc.	East St. Louis	IL
Neighborhood and Family Investment Fund	Harvey	IL
Jacksonville Enterprise Zone Development Corporation	Jacksonville	IL
PST, Inc.	Waukegan	IL
Eastside Community Fund, Inc.	Indianapolis	IN
Indianapolis Neighborhood Housing Partnership	Indianapolis	IN
Near Eastside Community Federal Credit Union	Indianapolis	IN
Douglass Bancorp, Inc.	Kansas City	KS
Communities United Credit Union	Wichita	KS
People Organized Working for Economic Recovery	Wichita	KS
Federation of Appalachian Housing Enterprises	Berea	KY
Kentucky Highlands Investment Corporation	London	KY
Louisville Development Bancorp, Inc.	Louisville	KY
Mountain Economic Development Fund, Inc.	Winchester	KY
Gulf Coast Business and Industrial Development Corporation	Baton Rouge	LA
New Orleans Specialty BIDCO, Inc.	New Orleans	LA
Southern Development Bancshares	New Orleans	LA
Boston Bank of Commerce	Boston	MA
Local Enterprise Assistance Fund	Boston	MA
Working Capital	Cambridge	MA
Gloucester Investment Corporation	Gloucester	MA
Boston Community Loan Fund, Inc.	Jamaica Plain	MA

Applicant's Name	City	State
Community Trust, Inc.	Northhampton	MA
D. Edward Wells Federal Credit Union	Springfield	MA
Institute for Community Economics	Springfield	MA
Baltimore Progressive Federal Credit Union	Baltimore	MD
Community Building Group, Ltd.	Baltimore	MD
Development Credit Fund, Inc.	Baltimore	MD
MSBDFA Development Corporation	Landover	MD
McAuley Institute	Silver Spring	MD
Coastal Enterprises, Inc.	Wiscasset	ME
Neighborhoods, Inc. of Battle Creek	Battle Creek	MI
Housing and Community Development Corporation of Wayne County	Detroit	MI
Community Capital and Development Corporation	Flint	MI
HP Devco, Inc.	Highland Park	MI
Michigan Housing Trust Fund	Lansing	MI
Anoka County Capital Fund	Coon Rapids	MN
Northeast Ventures Corporation	Duluth	MN
Minneapolis Consortium of Community Developers	Minneapolis	MN
Northcountry Cooperative Development Fund	Minneapolis	MN
Southside Neighborhood Housing Services of Minneapolis, Inc.	Minneapolis	MN
Wendell Phillips Community Development Credit Union	Minneapolis	MN
Southeastern Minnesota Initiative Fund	Owatonna	MN
Minnesota's Community Development Corporation	Park Rapids	MN
Neighborhood Development Center, Inc.	St. Paul	MN
Columbia Community Development Corporation	Columbia	MO
First Step Fund	Kansas City	MO
Rehabilitation Loan Corporation	Kansas City	MO
North Delta Community Development Corporation	Batesville	MS
Delta Community Development Corporation	Greenville	MS

Applicant's Name	City	State
Delta Foundation, Inc.	Greenville	MS
Enterprise Community Council	Jackson	MS
Enterprise Corporation of the Delta	Jackson	MS
Jackson/Hinds Minority Capital Fund, Inc.	Jackson	MS
Quitman County Federal Credit Union	Marks	MS
East Mississippi Development Corporation	Meridian	MS
Blackfeet CDFI	Browning	MT
Northwest Montana Human Resources, Inc.	Kalispell	MT
Montana Western Region Economic Development Group	Missoula	MT
Tri County Credit Union	Ahoskie	NC
School Workers Federal Credit Union	Charlotte	NC
Self-Help Ventures Fund	Durham	NC
Chowan Credit Union	Edenton	NC
Gateway Community Development Credit Union	Henderson	NC
New Millennium Funds, Inc.	Research Triangle Park	NC
Rowan-Iredell Area Credit Union	Salisbury	NC
Metropolitan Community Credit Union	Washington	NC
St. Luke Credit Union	Windsor	NC
Victory-Masonic Mutual Credit Union	Winston-Salem	NC
Northeast Investment Institution, Inc.	Yanceyville	NC
Turtle Mountain Federal Credit Union	Belcourt	ND
Omaha 100, Incorporated	Omaha	NE
New Hampshire Community Loan Fund, Inc.	Concord	NH
Seashore Community Financial Service Institution Credit Union	Seabrook	NH
Camden Community Credit Union	Camden	NJ
Cooperative Business Assistance Corporation	Camden	NJ
New Community Federal Credit Union	Newark	NJ
The Diamond Fund	Newark	NJ

Applicant's Name	City	State
New Jersey Community Loan Fund	Trenton	NJ
New Jersey Disability and Non-Profit Micro-Loan Fund, Inc.	Trenton	NJ
New Mexico Community Development Loan Fund	Albuquerque	NM
La Jicarita Socioeconomic Development Trust Fund	Mora	NM
Capital District Community Loan Fund	Albany	NY
Community Development Foundation of Montgomery County	Amsterdam	NY
BHA Residents Community Development Federal Credit Union	Binghamton	NY
BanKell, Inc.	Bronx	NY
Bethex Federal Credit Union	Bronx	NY
ACCION New York	Brooklyn	NY
Brooklyn Ecumenical Federal Credit Union	Brooklyn	NY
Central Brooklyn Federal Credit Union	Brooklyn	NY
Community Ventures, Inc.	Brooklyn	NY
North/East Brooklyn Community Capital Corporation	Brooklyn	NY
Southwest Brooklyn CDFI	Brooklyn	NY
Buffalo Zone Capital Credit Corporation	Buffalo	NY
Nassau-Sufflok Business Development Fund, LLC	Centereach	NY
Alternatives Federal Credit Union	Ithaca	NY
Greater Jamaica Local Development Company, Inc.	Jamaica	NY
Greater Jamestown Zone Capital Corporation	Jamestown	NY
Westchester Tri-City Development Corporation	New Rochelle	NY
Asian American Renaissance CDFI	New York	NY
Central Harlem Local Development Corporation	New York	NY
Grow America Fund, Inc.	New York	NY
Homesteaders Federal Credit Union	New York	NY
Local Initiatives Support Corporation	New York	NY
Lower East Side People's Federal Credit Union	New York	NY
Neighborhood Trust Federal Credit Union	New York	NY

Applicant's Name	City	State
Nonprofit Facilities Fund	New York	NY
Seedco	New York	NY
The Parodneck Foundation, Inc.	New York	NY
Union Settlement Federal Credit Union	New York	NY
Veritas Financial, Inc.	New York	NY
Women's Venture Fund, Inc.	New York	NY
Kingston-Newburgh Enterprise Community	Newburgh	NY
Rural Opportunities, Inc.	Rochester	NY
The Greater Monroe Small Business Equity Fund	Rochester	NY
Adirondack Economic Development Corporation	Saranac Lake	NY
Leviticus 25:23 Alternative Fund, Inc.	Yonkers	NY
East Akron Neighborhood Development Corporation	Akron	OH
Appalachian Development Federal Credit Union	Athens	OH
Faith Community United Credit Union, Inc.	Cleveland	OH
Columbus Countywide Development Corporation	Columbus	OH
Citywide Development Corporation	Dayton	OH
Toledo Urban Federal Credit Union	Toledo	OH
Rural Enterprises, Inc.	Durant	OK
Little Dixie Community Action Agency	Hugo	OK
Neighborhood Housing Services of Oklahoma City, Inc.	Oklahoma City	OK
Cherokee Nation Economic Development Trust Authority	Tahlequah	OK
Tulsa Economic Development Corporation	Tulsa	OK
Albina Community Bancorp	Portland	OR
Aliquippa Regional Credit Union	Aliquippa	PA
Chambersburg Community Development Corporation	Chambersburg	PA
Meadville Area Industrial Commission	Meadville	PA
Delaware Valley Community Reinvestment Fund, Inc.	Philadelphia	PA
Philadelphia Neighborhood Housing Services, Inc.	Philadelphia	PA

Applicant's Name	City	State
The Philadelphia Minority Venture	Philadelphia	PA
United Bank of Philadelphia	Philadelphia	PA
Women's Opportunities Resource Center	Philadelphia	PA
Community Loan Fund of Southwestern Pennsylvania, Inc.	Pittsburgh	PA
The Enterprise Corporation of Pittsburgh	Pittsburgh	PA
Washington County Council on Economic Development	Washington	PA
Proposed Oasis Community Development Federal Credit Union	Providence	RI
Charleston Area Community Development Corporation	Charleston	SC
Palmetto Development Group	Columbia	SC
Catawba Regional Community Finance Corporation	Rock Hill	SC
NECOG Development Corporation	Aberdeen	SD
Northeast South Dakota Energy Conservation Corporation	Sisseton	SD
Inner City Community Development Corporation	Knoxville	TN
CEN-TEX Certified Development Corporation	Austin	TX
East Austin Community Federal Credit Union	Austin	TX
Greater Brownsville Community Development Corporation	Brownsville	TX
Business Assistance Center	Dallas	TX
Southern Dallas Development Corporation	Dallas	TX
TSWAG Federal Credit Union	El Paso	TX
Greater Houston Small Business Equity Fund, Inc.	Houston	TX
ACCION Texas, Inc.	San Antonio	TX
National Rural Development and Finance Corporation	San Antonio	TX
San Antonio Business Development Fund	San Antonio	TX
San Antonio Housing Trust Foundation, Inc.	San Antonio	TX
Heart Of Texas Business Resource Center	Waco	TX
Weslaco Catholic Federal Credit Union	Weslaco	TX
St. Croix Foundation for Community Development, Inc.	Christiansted, St. Croix	USVI
Salt Lake Neighborhood Housing Services	Salt Lake City	UT

Applicant's Name	City	State
NCP Community Development Credit Union (in organization)	Norfolk	VA
Richmond Economic Development Corporation	Richmond	VA
Richmond Neighborhood Housing Services, Inc.	Richmond	VA
Virginia Community Development Fund, Inc.	Richmond	VA
Vermont Development Credit Union	Burlington	VT
Vermont Community Loan Fund, Inc.	Montpelier	VT
Northwest Indian Development Association	Bellevue	WA
Lummi Indian Nation, Lummi Nation Credit Union	Bellingham	WA
Self Employment and Economic Development Council, Inc.	Clarkston	WA
Snohomish County Private Industry Council	Everett	WA
Cascadia Revolving Fund	Seattle	WA
Impact Seven, Inc.	Almena	WI
Martin Luther King Economic Development Corporation	Milwaukee	WI
Wisconsin Women's Business Initiative Corporation	Milwaukee	WI
Racine Development Group	Racine	WI

List of Applicants to the First Round of the BEA Program (Sorted by Applicant)

Applicant's Name	City	State
Norwest Bank Arizona, N.A.	Phoenix	AZ
Fullerton Savings & Loan Association	Fullerton	CA
Broadway Federal Bank	Los Angeles	CA
Community Thrift and Loan	Los Angeles	CA
Citibank F.S.B. California Marketplace	San Francisco	CA
Bank of America Community Development Bank	Walnut Creek	CA
Coast Federal Bank	West Hills	CA
First Union National Bank of D.C.	Washington	DC
NationsBank, N.A. (South)	Atlanta	GA
Household Bank, F.S.B.	Bloomington	IL
Bank of America Illinois	Chicago	IL
First National Bank of Chicago	Chicago	IL
Northern Trust Company	Chicago	IL
Magna Bank, N.A.	East St. Louis	IL
Elliott State Bank	Jacksonville	IL
Jacksonville Savings Bank	Jacksonville	IL
The Farmers State Bank & Trust Company	Jacksonville	IL
Regency Savings Bank, FSB	Naperville	IL
Cole Taylor Bank	Wheeling	IL
Vine Street Trust Company	Lexington	KY
Bank of Louisville	Louisville	KY
Great Financial Corporation	Louisville	KY
National City Bank, Kentucky	Louisville	KY
PNC Bank, Kentucky, Inc.	Louisville	KY
Stock Yards Bank & Trust Company	Louisville	KY

Applicant's Name	City	State
Hibernia National Bank	New Orleans	LA
First National Bank of Maryland	Baltimore	MD
Farmers and Mechanics National Bank	Frederick	MD
Key Bank of Maine	Portland	ME
Central Bank of Kansas City	Kansas City	MO
Gateway National Bank of St. Louis	St. Louis	MO
NationsBank, N.A.	Charlotte	NC
City National Bank of New Jersey	Newark	NJ
Norwest Bank New Mexico N.A.	Albuquerque	NM
Community Capital Bank	Brooklyn	NY
Chase Manhattan Bank	New York	NY
Citibank N.A.	New York	NY
Republic National Bank	New York	NY
Troy Savings Bank	Troy	NY
National City Bank	Columbus	OH
Northwest Bank	Oklaoma City	OK
Bank of America, F.S.B.	Portland	OR
NationsBank, Texas	Dallas	TX
First Interstate Bank of Texas, N.A. (Wells Fargo)	Houston	TX
North Shore Bank, F.S.B.	Brookfield	WI
Guaranty Bank, S.S.B.	Brown Deer	WI
Mutual Savings Bank	Milwaukee	WI
Security Bank, S.S.B.	Milwaukee	WI
St. Frances Bank, F.S.B.	Milwaukee	WI

EXHIBIT 2

Attachment 1a

CDFI Program Award Recipients, Cohort FY96
Disbursement Status

Applicant Name	Award Amount	Award Type	Disbursement Status: Yes/No/Yes. Partial
ACCION Texas	\$500.000	Grant	No
Bethex Federal Credit Union	\$100.000	Grant	No
Boston Community Loan Fund, Inc.	\$500.000	Grant	No
" "	\$500.000	Loan	No
Cascadia Revolving Fund	\$600.000	Grant	No
Community Loan Fund of Southwestern Pennsylvania	\$250.000	Grant	No
" "	\$30.000	Tech. Assist.	No
Delaware Valley Community Reinvestment Fund	\$1.000.000	Grant	No
" "	\$1.000.000	Loan	No
Douglass Bancorp. Inc.	\$1.750.000	Equity	No
" "	\$153.000	Tech. Assist.	No
Enterprise Corporation of the Delta	\$2.000.000	Grant	No
Faith Community United Credit Union	\$200.000	Grant	No
" "	\$150.000	Tech. Assist.	No
Federation of Appalachian Housing Enterprises /1	\$370.000	Grant	No
" "	\$930.000	Loan	No
" "	\$30.000	Tech. Assist.	No
FINCA International, Inc.	\$450.000	Grant	No
First American Credit Union	\$1.000.000	Grant	No
Illinois Facilities Fund	\$900.000	Grant	Yes
Kentucky Highlands Investment Corporation	\$450.000	Grant	No
Local Initiatives Support Corporation	\$1.000.000	Grant	No
Louisville Development Bancorp. Inc.	\$2.000.000	Equity	No
" "	\$336.500	Tech. Assist.	No
Low Income Housing Fund	\$1.200.000	Grant	No
" "	\$1.300.000	Loan	No
Neighborhoods Inc. of Battle Creek	\$1.350.000	Grant	No
New Hampshire Community Loan Fund	\$1.000.000	Grant	No
Nonprofit Facilities Fund	\$1.000.000	Loan	No
Northeast Ventures Corporation	\$1.250.000	Equity	No
Quitman County Federal Credit Union	\$100.000	Grant	No
" "	\$27.500	Tech. Assist.	No
Richmond Neighborhood Housing Services, Inc.	\$120.000	Grant	No
" "	\$130.000	Loan	No
Rural Community Assistance Corporation	\$900.000	Grant	Yes
" "	\$800.000	Loan	No
Santa Cruz Community Credit Union	\$1.000.000	Grant	No
School Workers Federal Credit Union	\$150.000	Grant	No
Self-Help Ventures Fund	\$3.000.000	Grant	Yes
Shorebank Corporation /2	\$3.750.000	Equity	No
" "	\$750.000	Grant	No
Southern Development Bancorporation	\$1.000.000	Equity	No
" "	\$1.000.000	Grant	No
Tlingit-Haida Regional Housing Authority	\$1.000.000	Loan	No
" "	\$25.000	Tech. Assist.	No
Vermont Community Loan Fund, Inc.	\$150.000	Grant	No
" "	\$17.500	Tech. Assist.	No
Total	\$37.219.500		

1/ Appalbanc

2/ Includes Detroit Development Bancorporation (\$3,000,000 equity) and ShoreBridge Capital (\$750,000 equity and \$750,000 grant)

Attachment 1b

BEA Award Recipients, Cohort FY96
Disbursement Status

Applicant Name	Award Amount	Award Type	Disbursement Status: Yes/No/Yes. Partial
Bank of America Community Development Bank	\$1,585,510	Grant	Yes. Partial
Bank of America F.S.B.	\$521,735	Grant	Yes. Partial
Bank of America Illinois	\$514,815	Grant	Yes
Bank of Louisville	\$15,000	Grant	No
Central Bank of Kansas City	\$99,869	Grant	Yes
Chase Manhattan Bank	\$2,699,625	Grant	Yes
Citibank F.S.B. California Marketplace	\$412,270	Grant	Yes
Citibank N.A.	\$227,250	Grant	Yes. Partial
City National Bank of New Jersey	\$162,065	Grant	No
Coast Federal Bank	\$149,709	Grant	Yes. Partial
Cole Taylor Bank	\$115,500	Grant	Yes
Community Capital Bank	\$215,461	Grant	Yes
First National Bank of Chicago	\$322,230	Grant	Yes
First National Bank of Maryland	\$50,000	Grant	No
First Union National Bank of D.C.	\$274,550	Grant	Yes. Partial
Fullerton Savings & Loan Association	\$39,600	Grant	Yes. Partial
Gateway National Bank of St. Louis	\$78,116	Grant	Yes. Partial
Great Financial Bank	\$22,500	Grant	Yes
Hibernia National Bank	\$5,875	Grant	Yes
Household Bank, F.S.B.	\$88,090	Grant	Yes
Key Bank of Maine	\$37,500	Grant	Yes
National City Bank of Columbus	\$275,000	Grant	No
National City Bank, Kentucky	\$37,500	Grant	Yes
NationsBank, N.A.	\$1,614,690	Grant	Yes. Partial
NationsBank, N.A. (South)	\$1,199,275	Grant	Yes. Partial
NationsBank, Texas	\$1,036,035	Grant	Yes. Partial
North Shore Bank, F.S.B.	\$6,036	Grant	Yes
Northern Trust Company	\$93,713	Grant	Yes. Partial
Northwest Bank of Oklahoma City	\$3,918	Grant	Yes
Norwest Bank, New Mexico N.A.	\$5,750	Grant	Yes
PNC Bank, Kentucky, Inc.	\$75,000	Grant	Yes
Regency Savings Bank, F.S.B.	\$77,250	Grant	Yes
Republic National Bank	\$519,659	Grant	Yes. Partial
St. Francis Bank, F.S.B.	\$11,498	Grant	Yes
Stock Yards Bank & Trust Company	\$3,750	Grant	Yes
Troy Savings Bank	\$389,859	Grant	Yes
Vine Street Trust Company	\$55,000	Grant	No
Wells Fargo (formerly First Interstate Bank of Texas)	\$97,500	Grant	Yes. Partial
Total	\$13,138,703		

EXHIBIT 3

1 people were necessarily generally doing irrelevant things,
2 but there were many cases, a number of cases, where people
3 were probably doing something that may not have been
4 needed.

5 We had some groups, for instance, writing and
6 saying they were experiencing a lot of competition from
7 banks, for instance, for a particular type of lending
8 activity. And if you think of these groups as being
9 trying to position themselves to serve unserved markets,
10 that's a strange, a very strange comment, you know, and
11 something that they might not have done if they had taken
12 a systematic look.

13 VOICE: Kirsten?

14 VOICE: Yes.

15 VOICE: Along the lines of what Jack was just
16 raising, because as I hear some of the points you're
17 making, and let me first compliment the staff for the work
18 that you've done. You've convinced me you've done a very
19 thorough and professional job.

20 VOICE: Thank you, John.

21 VOICE: But let me say you can imagine when the
22 announcement came out of who the awards were, as a person
23 who represents 600-odd organizations I got a lot of phone
24 calls. They weren't from the people who got funded saying
25 hey, I got funded.

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1 (Laughter.)

2 VOICE: They asked me a lot of questions that
3 couldn't answer. They knew I was on the Advisory Board,
4 and I hadn't a clue.

5 I think some of them are questions that you're
6 now addressing, the issues of relative weight and why
7 someone might get more credit because they're more
8 adequately capitalized or their financial systems are
9 better or what have you. And my suggestion would be these
10 points that you're making I think are very valuable
11 points, and that maybe we need to put -- we, you, your
12 staff -- put together a couple of sheets that addresses
13 these issues and say in the first round we learned that --
14 I mean, we were concerned that some groups didn't quite
15 understand or didn't have a strong enough what have you,
16 and just list these things and give some meat to them and
17 get that out before the next round, so that we're not
18 sitting here again. So I think that's an easy thing that
19 might answer a lot of the questions.

20 A bigger problem is as I sit here and listen the
21 phrase that keeps coming to mind is it takes money to make
22 money, meaning -- or bigger is better or whatever other
23 phrase I can use. It seems like it's very difficult for
24 small organizations who may be doing great work to have
25 the capacity or some of these capacities that you've

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1 referred to. They may be doing excellent, excellent --

2 (End of side.)

3 VOICE: -- but they may not have done a
4 strategic plan. It's not right for them to not have done
5 a strategic plan, but maybe they are just so busy trying
6 to get these loans out and servicing these loans that they
7 never quite got around to it.

8 Internal plans and control systems: If you're a
9 small organization moving small loans to a group in a
10 rural area, it's quite possible that you wouldn't have the
11 internal financial control systems, say, of a Kate McKeys
12 group in North Carolina. And so I guess what I'm
13 concerned with, having been there myself, is to be sure we
14 don't unwittingly institutionalize that you have to be the
15 big player in order to take advantage of the CDFI Fund,
16 but there is some relative weight given to all the
17 different factors.

18 I've heard the categories being the track record
19 capacity, quality of the business plan, ability to put it
20 as matching funds, and then the impact that the CDFI Funds
21 would have on community development. I've heard those as
22 being the categories. Where is the weight given to each
23 one? I mean, you apply, for example, for a HUD grant, you
24 know, there is an RFP, and this is Federal Money, 10
25 points for institutional capacity; 15 points for

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1 management staff, whatever; programmatic -- sensibility of
2 the program, or whatever, 25 points; and you can really
3 look at these points. And when you are a small
4 organization, you realize what your strengths are, you put
5 a lot of effort into those strengths. And so you can win
6 on some grounds that you -- and recognize that on some
7 areas because you're not big and because you don't have as
8 long a track record, you're not going to do as well, but
9 there are points that you can really go after to get all
10 of them. So I don't know whether that was talked about or
11 thought about.

12 Just one other suggestion, and that is -- and
13 maybe I shouldn't get so stuck on other Federal ways of
14 doing this, but often what they'll do with, for example,
15 the five categories that you used is they'll take these
16 consultants or staff and say you're the capacity person, I
17 want you to determine and become the specialist in the CDFI
18 Fund on determining capacity. And so you're looking at
19 all these proposals only from the perspective of capacity.
20 And then somebody else is -- or a number of people on the
21 quality of the business plan, okay? They assess that.
22 Rather than everybody assessing every category
23 independent -- somewhat independent, and then eventually
24 collectively, but that everybody's required to sort of
25 have their relative expertise and the relative knowledge

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1 of all the proposals relative to all five categories.

2 Now, I don't know if that's been suggested or
3 talked about, but what that does do, I will say this, is,
4 at least in my experience with HUD grants, is you know
5 that the same people are looking at your proposal for the
6 same reason. There isn't this larger group of people who
7 have some proposals here and some of them have some
8 proposals there, and maybe Nancy's idea of what
9 institution capacity is is quite different from --
10 (inaudible) -- or Kirsten's, but that there is somebody
11 whose -- they are the expert on the staff on that
12 particular issue.

13 So I don't know whether that has been --

14 VOICE: No.

15 VOICE: But let me just end very quickly by
16 saying I think the most important thing that would help me
17 is to be very clear up front about a lot of the issues
18 that you've been talking about since the presentation, and
19 that is, whether you refer to them as pet peeves or pet
20 issues or whatever, give some meat to the body, put that
21 out in advance, and it would be I think very helpful to
22 the fund.

23 VOICE: I just have a brief comment. I think
24 that the idea of putting something out is really a great
25 one. On the other hand, I really think that this program

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EXHIBIT 4



DEPARTMENT OF THE TREASURY
WASHINGTON

INSPECTOR GENERAL

July 14, 1997

MEMORANDUM FOR JOHN D. HAWKE, JR.
UNDER SECRETARY FOR DOMESTIC FINANCE

FROM:

Valerie Lau *Valerie Lau*
Inspector General

SUBJECT: Inspector General Report on the CDFI Fund

As you are aware, on July 11, 1997, my office provided you with a report of investigation (ROI) relating to undated applicant evaluation memoranda for the Community Development Financial Institutions (CDFI) grants. It has come to my attention that certain findings of the Office of Inspector General (OIG) investigation have been too broadly construed. I would like to clarify that this investigation was limited to the issues related to the failure to date several specific evaluation memoranda. On May 27, 1997, you referred to the OIG only question three of Chairman Bachus' letter of May 9, 1997.

Your letter of July 14, 1997, to Chairman Bachus, Subcommittee on General Oversight and Investigations, Committee on Banking and Financial Services, stated,

We are pleased that the Inspector General found no basis for concluding that the CDFI Fund improperly selected which applicants would receive funds. This confirms my strong conviction that the CDFI Fund's decisions with respect to awards were made solely on the merits.

The OIG ROI stated that the OIG investigation was limited in scope. This is to clarify that the purpose of the OIG's expedited investigation was not the broader issue of whether the CDFI Fund properly or improperly selected which applicants would receive funds. This broader issue will be addressed by the OIG, Office of Audits.

By my memorandum dated July 10, 1997, to Director Kirsten Moy, Community Development Financial Institutions Fund, I informed the Director of my office's plans to initiate an audit of the CDFI Fund. The overall objectives of this audit are to evaluate the

PAGE 2 - JOHN D. HAWKE, JR.

application review procedures and post-award monitoring. Moreover, the OIG Internal Audit and Evaluations Plan, Fiscal Year 1997, which was disseminated in the late Fall of 1996, reflected that the specific audit question to be addressed was, "Is the process for granting CDFI consistently applied and in line with Congressional intent?".

With regard to any issues raised about a possible conflict of interest on the part of a senior CDFI Fund official, the ROI noted that certain "allegations [for example, conflicts of interest] were explored and addressed by the OIG in varying degrees." While we did address certain allegations of potential conflict of interest, our review was limited. Our findings are described in the ROI.

I hope that this clarifies aspects of the report. As I mentioned earlier, I would be pleased to meet with you to discuss any other questions or concerns that you may have with regard to the report.

cc: The Honorable Spencer Bachus
The Honorable Maxine Waters

EXHIBIT 5

Track Record, Financial Strength and Current Operations

What does an analysis of the applicant's track record, financial strength and current operations tell us about their prospects for success in the future?

- community development track record and accomplishments, reputation in community, degree of innovation
- key ratios, financial indicators -- actual level and trends; in relation to stage of organized development
- capitalization/fund raising track record -- ability to weather reversals
- current financial management, internal reporting and controls, history of appropriate planning

Capacity, Skills and Experience of Management Team

Does the management team have the capacity, skills and experience to implement an effective business plan and sustain a successful CDFI?

- mix of skills to implement plan
- track record of individual management team members in similar activities
- strengths and weaknesses of individual management team members
- appropriateness of roles of individual management team members
- level of personal commitments of management team members
- capacity for change and adaptation
- how well they work as a team
- additional people needed to implement new directions?
- role, strength and contribution of Board

Quality of Business Plan

Does the applicant have a high quality business plan which demonstrates an understanding of how to make the institution successful and achieve its objectives?

- is it thoughtful, thorough, clear and internally consistent?

- understanding of balance between financial and social objectives?
- realistic markets, niche and role?
- are products and services appropriate?
- process and criteria for evaluating deals
- approach to monitoring deals
- plan for internal controls
- do development services appropriately mesh with lending/investing?
- are projections well done and based on reasonable, articulated assumptions?
- are projections consistent with narrative discussion of business plan?
- do realistic projections show ongoing viability?
- sensitivity -- viability of plan if performance varies from projections?
- are risks identified and controlled?
- is proposed capital structure appropriate?
- coordination with other institutions in community
- is it truly management team's plan?

Matching Funds

Is there a high likelihood that the applicant will be able to raise the required matching funds by July 1, 1996. Is there a high likelihood that the match could be raised if an extension of time were granted?

- how much is already committed?
- firmness of commitment
- is there a good strategy in place for raising the remaining amount required?

- does nature of match meet program guidelines?
- is match comparable in form and value to requested CDFI Fund investment?
- how does applicant's track record, reputation, community support increase prospects?

Community Development Impact/Return on CDFI Fund Investment

Is investment in the applicant a good investment of CDFI Fund resources, given the form and amount of investment, and the prospects for a "return" measured by community development impact?

- are community development objectives well defined and clearly focused?
- level of distress, need
- leverage, expansion of resources, both immediate and over time
- scale
- innovation
- what do track record, organizational structure, management team capacity, business plan quality tell us about prospects for significant impact on community?
- extent to which community support, community accountability, governance structure suggest likelihood of being responsive to community needs
- specific impact of CDFI Fund investment; value to be added
- prospects for sustaining, long term, the impact of CDFI Fund investment
- bang for the buck